IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH.

Regular Second Appeal No.2876 of 2007

Date of Decision: September 11, 2007

State of Punjab and others .....Appellants.

Versus

Manjit Kaur, SMO (Retired) .....Respondent

CORAM:- HON'BLE MR.JUSTICE S. D. ANAND

Present: Mr.Piyush Kant Jain, Additional AG Punjab
for the appellants.

S. D. ANAND, J.

A suit filed by the plaintiff-respondent, for the award of interest on the delayed payment of retiral benefits, was decreed by the learned Trial Court, vide judgment and decree dated 20.2.2007. The learned Trial Court noticed that the retiral benefits (with the exception of GPF) had been paid to the plaintiff – respondent in the meantime. It was also noticed that the GPF amount had not been paid to the plaintiff-respondent. It was in the light of those facts that the decretal of the suit was ordered with costs and the plaintiff-respondent was held entitled to full payment of the GPF amount with interest @ 18% per annum which was also payable in respect of delay in the payment of other retiral benefits to the plaintiff-respondent.

In appeal, the learned First Appellate Court noticed that inspite of the sanction of the pension by AG Punjab on 19.7.2004, the disbursement of pension came about only in March, 2005. In view of that fact, it was

ordered that the plaintiff-respondent shall be entitled to interest @ 12% per annum w.e.f. 1.11.2003 upto 19.7.2004 and she shall be entitled to interest @ 18% w.e.f. 20.7.2004 till the actual payment of the pensionary benefits.

The only grievance of the Additional AG Punjab is with regard to the two rates of interest payable by the defendant-appellants. The argument is that the award of higher rate of interest is penal in character.

In so far as the merits of the case are concerned, those have not been challenged in the present Regular Second Appeal. No question of law, much less substantial in character, arises for determination by this Court. However, there is force in the plea on behalf of the appellants that two different rates of interest, awarded to the plaintiff-respondent, cannot stand the test of the judicial scrutiny and the award of interest @ 18% per annum from 26.7.2004 till actual payment would appear to be penal in character. That part of the order is indefensible. The plaintiff-respondent shall be entitled to interest @ 12% per annum throughout in the context of the delayed payment of the retiral benefits to him. Except with that modification, the appeal is held to be devoid of force and the same is ordered to be dismissed.

(S. D. ANAND)
JUDGE

September 11, 2007
SRM